



Race and the Repercussions of Recession

Danny Dorling looks at the inequalities emanating from the recession, comparing the fortunes of black and minority ethnic minorities with those of the white population, analysing the statistics on employment, education and housing.

The greater the crash the longer it takes to take stock of the implications. The 1929 financial crisis was so great that in the immediate aftermath bankers and politicians assumed that the only thing that was possible was a quick recovery, because they had not known different times; many false dawns were predicted before it was finally realized, by around 1933, that much had changed for ever.

The repercussions varied around the world. In the United States charismatic leaders ensured the slow ushering in of new equalities as the assets of the affluent crumbled, and the lives of the children of slaves and of slave owners moved slight closer together. In Berlin the repercussions were used by equally charismatic leaders to build up racial division. Great financial crashes are rarely wasted, but they can be used in many different ways. Charismatic leaders do not emerge out of the ether. What is possible in the art of politics in times of change is determined by

a million tiny actions. Here are a few examples:

Employment

The job losses that came with the onset of the current crash hit black and ethnic minorities harder than the national average worker. Although almost everywhere a majority of the population is white, geographical place names can be used as a shorthand for what has so far occurred.

By August 2009 - the month in which the official claimant rate returned to levels last seen when Tony Blair became Prime Minister in May 1997 - official unemployment rates were highest in the Ladywood, Sparkbrook and Small Heath areas of Birmingham, in the West of Belfast (a white minority area often ignored), Liverpool Riverside (a.k.a. Toxteth), in the constituencies named 'central' in Leeds and Manchester, and in the Bethnal Green, Bow, Hackney and Shoreditch neighbourhoods of London. Rates of official unemployment in the places in



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1 All figures from <http://www.parliament.uk/commons/lib/research/rp2009/rp09-072.pdf> Unemployment by Constituency, August 2009, Research Paper 09/72 16 September 2009

2 If you doubt that Skipton is part of the London banking world ask yourself why a direct train runs from that small town to King's Cross, timed to arrive at ten to ten in the capital each morning?

3 Young meaning aged 16 to 24 as a proportion of those in the workforce. Figures from the 1991 census given on page 92 of Dorling, D., 1995, *A New Social Atlas of Britain*, Chichester, John Wiley and Sons. Open access copy at: http://sasi.group.shef.ac.uk/publications/new_social_atlas/index.html

4 First Secretary of State, Secretary of State for Business, Innovation and Skills, President of the Board of Trade and Lord President of the Council, former member of Parliament for Hartlepool (3872 claimants as of August 2009, up 1204 in the year).

5 Member for Tottenham (5685 claimants as of August 2009, up 1544 in the year).

this list varied between 12 and 20 per cent.¹. Real rates will be much higher.

By contrast, rates were lowest in West and North Dorset, Henley, Witney, Woodspring, Buckingham, Skipton² and Ripon, and in places such as the constituency of Runnymede and Weybridge. Unemployment rates in these places varied between 2.0 and 2.5 per cent. Thus the banking bailout successfully secured the jobs of those living in these leafy Home Counties, in north Somerset near the Bristol banking back-offices and in North Yorkshire retreats, close to Leeds banks.

The job losses are set to rise far higher. They will rise highest in the poorest areas and amongst the poorest groups. Within those groups it will be those who have been least well served by the

education system who will suffer most, and then those whose employers decide not to favour them because, in hard times, employers might be tempted more to 'look after their own'. Racism was required to ensure that a majority of young Black Caribbean, 'other' Asian and Black African men were either unemployed or on a government scheme even as long as a decade after the 1981 recession hit, as were a majority of Bangladeshi and Black African women in 1991.³

Education

High priest amongst those in power in Britain who see salvation in market mechanism is Peter Mandelson.⁴ Throughout early 2009 Baron Mandelson came under sustained pressure to alleviate the worst effects of the

recession, including increasing university places in line with official aspirations and the huge increase in demand that came with recession (applications up 11 per cent). Much of the flack was deflected to the more junior Higher Education Minister, David Lammy MP.⁵ Lammy had to field the complaints, but it was Mandelson who got to decide what to do. In the end, Mandelson offered an extra 1 per cent of places, not full-funded, to allow universities to take a tenth of those extra applicants. Given the profile of those who get to go to university, and the ethnic make-up of the majority of additional applicants from non-traditional backgrounds, it is not hard to work out who loses out most directly from Mandelson's penny-pinching. It is a little harder to see the knock on effects of not taking more

Editorial

An important part of my role as Director of Runnymede is to encourage conversation and debate about race equality. This takes me to various parts of the country and gives me the opportunity to meet a wide range of people. I recently spoke with a large group of sixth formers in North London. Intelligent and sparky, this group of 100 politics and sociology students were quick to identify the ways in which racism impacted on their lives. Young people from all ethnic backgrounds were able to see the way in which racism constrained life chances, and created and perpetuated inequalities. Yet when asked what they could do about it they were less forthcoming. For many the answer was nothing, the best they could hope for was a change in attitudes over generations. To hear this from 17 and 18 year-olds was disheartening, but highly instructive – an inspiration, if any was needed, to keep on pushing for change and providing people with the tools to fight racism and inequality.

It is hardly surprising that citizens feel so disempowered and have little faith in their ability to influence change, when they are presented with a political debate that in the face of turmoil in capitalist markets worldwide presents so few options for change. As Danny Dorling argues in this Bulletin, the presentation of supposed consensus about responses to the current recession (apart from about the timing of the cuts) hides numerous possibilities for change that would reduce inequalities and work to remove the influence of racism in the lives of citizens. He argues that, 'Great financial crashes are rarely wasted, but when it comes to race, they have either been used to greatly reduce division or greatly increase it, in different places but all at the same times. There is no reason to believe it will be different this time'. Far from there being little that the citizen can do to tackle inequalities it would seem as if the recession presents opportunities to reframe our society in a manner that fits our aspirations. This edition of the Bulletin focuses on financial inclusion, poverty and the recession. Omar Khan reports on employment trends, Liz Fekete of the Institute of Race Relations on xeno-racism and the cover given to it by the recession, and Phil Mawhinney reports on a major Runnymede conference on financial inclusion. In response to the prematurely disillusioned sixth formers, we report on Runnymede's first event aimed at young people, and the launch of UKREN's resources for young Muslims. We also mark the significant contribution to race equality and to Runnymede made by Trustees who have moved on in the past year, leaving Runnymede well-placed to continue on our mission to provide intelligence for a multi-ethnic Britain.



Rob Berkeley
Director

young people into universities in a time of recession.

The 10,000 students who were allowed to attend university in 2009 have been given a chance not just to study, but to duck out of one of the worst youth labour markets seen since the 1930s. However, the alternative is unlikely to have been the dole; these are mainly highly qualified young people. The places were reserved for students to study science, technology, engineering and maths. Had they not become students, almost all of them would have found work. That is what happens to most highly qualified young people, even in recession.

The curtailing of university funding will not greatly hurt the old and ancient universities - the ones where freshers' fairs tend to mean a sea of white faces, with the odd exception from predictable minority groups. The slashing of funding will greatly affect places such as London Metropolitan University, one of the most ethnically diverse in the country where about 550 staff are facing the threat of redundancy because of errors not of their making.

There is a particular irony in that the most pressing problem that will cross Mr Lammy's desk in his last few months as the first black minister of Higher Education will be trying to decide what to do about London Met when his boss tells him there is no cash. He should ask a question, as they did in the United States 75 years ago: is there really no cash? Next year, with the backlog created by this year, with fewer opportunities abroad, there may well be as many as 100,000 extra young people who would rather be studying, than competing in the job market. These are made up not just of the 40,000 who did not manage to get in this year, and a similar 40,000 we can expect next year, but also some slightly older young people who have found that going straight into work from age 17 or 18 was not so great for them, and returning

gap year people who will not be replaced by so many going on gap years in future.

Housing

In the same week that the paltry 10,000 extra university places were taken up, Vince Cable suggested a tax on those properties worth more than £1 million pounds.⁶ He did this to explain how it was possible to ensure that no one earning less than £10,000 need pay tax, but still take as much in taxes. This was the first time a mainstream politician in Britain in the current crisis had made the suggestion to replicate part of how the British coped with the last great financial crash. In the 1920s and especially the 1930s various costs, including death duties, led to many of the great families 'donating' their homes to the National Trust and finding something a little cosier to live in, a place without a household of forty servants say. Most of the land in Britain is still owned by the descendents of those immigrants who took it by force after 1066. If you are short of about £175bn (and counting), there are things you can do other than slash public spending with savage cuts.

A land tax, like that tiny half a per cent over a million flat-rate tax Mr Cable suggests, is hard to avoid. If you can't pay the tax, you sell a little of your land to pay it. Farms don't go out of production, if anything the land is used more efficiently. Divided by the 24 million hectares of land in Britain, £175bn is only £7265 per hectare, or 73p a square metre. I (nearly) own a house and would happily pay my share. I've got a garden too, but 73p for having each square metre of that is cheap.

Obviously it wouldn't be that fair to charge the same amount for every metre. The Duke of Westminster's land holding could be worth a tad more per square metre than my garden in Sheffield, but the money's there. Live in a tower block on the other hand, and (to get back to race, although

we never really left it) remember that half the children who live above the fifth floor in England are not white, and your tax would be paltry. In fact the combined land value tax of all the families of all those children who live in tower blocks could be less than that Duke might have to pay. Property owners like Madonna would complain. Others might quite like the idea of buying up the Duke's property so he could pay his fair share of the new national debt, given how much of the nation he owns.

Conclusion

What would happen to race relations in Britain if there was such a

redistribution as happened before in America and here in the 1930s, as happened in Germany and Japan following the Second World War? What happens when people are less divided by differences in the wealth they inherit and their life chances are less determined by their families' wealth, by the places they grow up in, and the schools they can go to? What happens in countries where inequalities in wealth are so much lower than those which have remerged in places such as Britain and America over the course of the last few decades? Race is as much made by contemporary inequality as by circumstances of history. Great financial crashes are rarely wasted, but when it comes to race, they have either been used to greatly reduce division or greatly increase it, in different places but all at the same times. There is no reason to believe it will be different this time. □



RECESSION

INJUSTICE

why social inequality persists



DANIEL DORLING

Danny Dorling's latest book *Injustice: Why Social Inequalities Persist* will be published by Policy Press early in 2010.

⁶ Cable also said that Britain's £158 billion public sector pay bill should be frozen by reducing the highest incomes in the public sector. This too was partly done before in the 1930s. In contrast, on the same day, the 'bosses' union', the Confederation of British Industry, said that tuition fees should be raised, students should pay higher interest rates on their loans, and maintenance grants should be scaled back. They have not yet suggesting putting small children back up chimneys but they too are performing much the same role as their predecessors after that last financial crash, being the last to see the light from the way out.